

the functioning of private sector banks including Vysya Bank Ltd., to RBI. Since Vysya Bank is a private sector bank and it is neither feasible nor desirable for the Government to interfere in the internal matter of the private sector banks. RBI was requested to examine these with a view to ascertain whether any violation of RBI regulations has been committed by any of the private sector banks referred to by the Hon'ble Members and if so, to take action for such violation. RBI have reported that during the last three years (1995-97), the Vysya Bank Limited was inspected twice with reference to its position as on 29th December, 1995 and 31st March, 1997.

Inspection of branches are taken up on selective basis and not all branches are inspected. The focus of RBI inspection *enter-alia*, is to assess compliance by banks with instructions/guidelines issued by RBI as well as the policies and procedures laid down internally by the management of the bank themselves.

RBI has levied a penalty of Rs. 20 lakhs on Vysya Bank Ltd. for violations of its instructions with regard to bills, bridge loans and advance against shares.

RBI being the regulatory and supervisory authority for private sector banks is seized of the matter.

#### **Rubber Training Institute**

675. SHRI RAMESH CHENNITHALA : Will the Minister of COMMERCE be pleased to state:

(a) whether the Government propose to set up a Rubber Training Institute in Kottayam, Kerala; and

(b) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) and (b) Under the ongoing Rubber Development Project assisted by the World Bank there is proposal to set up a Training Centre at Kottayam to meet training needs of rubber growers, rubber processors, rubber product manufacturers and the staff of the Rubber Board. The Centre is estimated to cost Rs. 1.85 crore and civil construction is expected to be completed by September, 1998.

[*Translation*]

#### **Indo-Russian Trade**

676. SHRI SANDIPAN THORAT : Will the Minister of COMMERCE be pleased to state:

(a) whether the value and volume of Indo-Russian Trade has plummet during the last three years;

(b) if so, the details thereof and the reasons therefor year-wise;

(c) the steps taken to augment trade volumes and strengthen bilateral economic cooperation during the last one year and the results achieved thereunder; and

(d) the details of major agreements signed recently with the Russia and economic implications thereof?

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (DR. BOLLA BULLI RAMAIAH) : (a) No Sir. The Indo-Russian trade increased in rupee terms by 44.6 per cent and 54.3 per cent during the years 1994-95 and 1995-96 respectively over the previous year. However, there has been a decline of 21.5 per cent in rupee terms in the Indo-Russian trade during the period 1996-97 as compared to the previous year. However, during April-August, 1997, this trend has been arrested with a marginal increase in trade turnover during April-August, 1997 over April-August, 1996. Moreover, the total trade turnover with Russia during 1996-97 at Rs. 4995 crores was higher by 21.4 per cent compared to 4113 crores for 1994-95.

(b) The decline has taken place mainly because of fall in exports of cashew and tea from India and fall in the imports of fertilizers, iron and steel and machinery from Russia. The fall in the export of cashew from India to Russia from Rs. 262.6 crores during 1995-96 to Rs. 7.6 crores during 1996-97 has taken place because of effective measures taken by the Government to prevent switch trade of cashew which was earlier reported to have been largely diverted to third country destinations. The fall in tea exports from Rs. 476.6 crores during 1995-96 to Rs. 224.7 crores during 1996-97 can largely be attributed to the lower off-take of tea by the Russian importers under the debt repayment mechanism caused by undue delay in rupee allocation for import of tea into Russia. However, this position of fall in tea exports during 1996-97 has been successfully reversed during April-August, 1997 when tea exports to Russia at Rs. 188.7 crores exhibited an increase of 143.2 per cent over that of Rs. 77.6 crores of April-August, 1996.

(c) The Government has initiated effective measures for boosting Indo-Russian trade. These measures include encouraging consignment sales and opening of warehouses, broad-basing the basket of tradable goods, signing of Agreement on co-operation and Mutual assistance in Customs Matters, impressing upon the Russian side for early allocation of rupee funds, opening of Indian Banks, participation in trade fairs and exhibitions, enhancing the trade in the area of pharmaceuticals, reduction of value addition norms from 100 per cent to